

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 12-0950.01 Ed DeCecco x4216

HOUSE BILL 12-1356

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HOUSE SPONSORSHIP

Sonnenberg,

SENATE SPONSORSHIP

Brophy,

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House Committees

Agriculture, Livestock, & Natural Resources

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING A PROHIBITION ON A LOCAL GOVERNMENT THAT  
102 IMPACTS OIL AND GAS EXTRACTION FROM RECEIVING ANY  
103 MONEYS FROM THE LOCAL GOVERNMENT SEVERANCE TAX FUND.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

Currently, moneys in the local government severance tax fund are primarily used for 2 purposes:

- ! For the executive director of the department of local affairs to provide grants and loans to political subdivisions

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

impacted by development, processing, or energy conversion of minerals and mineral fuels; and

! For direct distributions to counties and municipalities based on factors related to oil and gas production.

The bill prohibits any local government that restricts or delays the ability of an oil and gas producer to exercise the producer's property right as a lessee or owner to extract oil and gas from receiving any grants or direct distributions from the local government severance tax fund.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-29-110, **amend**  
3 (1) (c) (I) introductory portion and (1) (c) (III) introductory portion; and  
4 **add** (1) (b) (V) and (1) (g) as follows:

5 **39-29-110. Local government severance tax fund - creation -**  
6 **administration - definitions.** (1) (b) (V) NOTWITHSTANDING ANY  
7 PROVISION OF THIS PARAGRAPH (b) TO THE CONTRARY, BEGINNING JULY  
8 1, 2012, THE EXECUTIVE DIRECTOR SHALL NOT DISTRIBUTE ANY MONEYS,  
9 OR MAKE ANY LOANS, PURSUANT TO THIS PARAGRAPH (b) TO ANY  
10 POLITICAL SUBDIVISION THAT IN ANY WAY RESTRICTS OR DELAYS THE  
11 ABILITY OF AN OIL AND GAS PRODUCER TO EXERCISE THE PRODUCER'S  
12 PROPERTY RIGHT AS A LESSEE OR AN OWNER TO EXTRACT OIL AND GAS.

13 (c) (I) For state fiscal years commencing prior to July 1, 2008, an  
14 amount equal to thirty percent of said gross receipts credited to the local  
15 government severance tax fund shall be distributed to counties or  
16 municipalities on the basis of the proportion of employees of the mine or  
17 related facility or crude oil, natural gas, or oil and gas operation who  
18 reside in any such county's unincorporated area or in any such  
19 municipality to the total number of employees of the mine or related  
20 facility or crude oil, natural gas, or oil and gas operation. Such  
21 distribution shall be made on the basis of the report required in paragraph

1 (d) of this subsection (1). For state fiscal years commencing on or after  
2 July 1, 2008, EXCEPT AS SET FORTH IN PARAGRAPH (g) OF THIS  
3 SUBSECTION (1), thirty percent of said gross receipts credited to the local  
4 government severance tax fund shall be allocated to counties based upon  
5 the following factors:

6 (III) Except as otherwise set forth in subparagraph (IV) of this  
7 paragraph (c) AND PARAGRAPH (g) OF THIS SUBSECTION (1), the moneys  
8 allocated to each county pursuant to this paragraph (c) shall be further  
9 distributed to the county and to each municipality within the county based  
10 upon the following factors:

11 (g) BEGINNING JULY 1, 2012, A COUNTY OR MUNICIPALITY THAT  
12 IN ANY WAY RESTRICTS OR DELAYS THE ABILITY OF AN OIL AND GAS  
13 PRODUCER TO EXERCISE THE PRODUCER'S PROPERTY RIGHT AS A LESSEE OR  
14 OWNER TO EXTRACT OIL AND GAS IS INELIGIBLE FOR ANY DISTRIBUTION  
15 PURSUANT TO PARAGRAPH (c) OF THIS SUBSECTION (1). THE MONEYS  
16 OTHERWISE REQUIRED TO BE DISTRIBUTED TO THE COUNTY OR  
17 MUNICIPALITY ARE REDISTRIBUTED ON A PRO RATA BASIS TO ALL OTHER  
18 ELIGIBLE COUNTIES AND MUNICIPALITIES.

19 **SECTION 2. Safety clause.** The general assembly hereby finds,  
20 determines, and declares that this act is necessary for the immediate  
21 preservation of the public peace, health, and safety.